

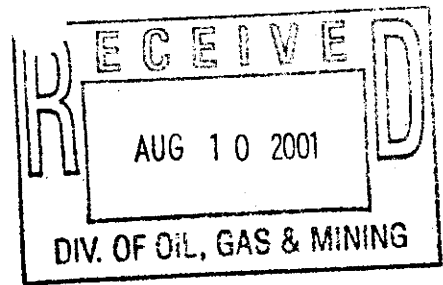
State of Utah

School and Institutional
TRUST LANDS ADMINISTRATION

Michael O. Leavitt
Governor

David T. Terry
Director

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Salt Lake City, Utah 84102-2818
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801-355-0922 (Fax)
<http://www.trustlands.com>



July 17, 2001

CERTIFIED MAIL NO. 7106 4575 1292 2027 7616

United Stone & Design
P.O. Box 909
Duchesne, UT 84021

RE: ML 48322-OBA

Gentlefolk,

A July 11, 2001, inspection of the lands under ML 48322-OBA by the Trust Lands Administration finds that operations are not in compliance with the terms and conditions of the agreement:

1. Paragraph 5, Access Road/Gate requires Permittee to incorporate and maintain a multiple locking system on the gate, of which one lock (to be provided by US&D) shall provide the Trust Lands Administration and its officers or agents access to the lands. Only one lock was found on the gate, and the key previously given the Trust Lands Administration by US&D does not fit the lock.

Remedy requires that US&D immediately come into compliance with Paragraph 5 of the agreement and send me a key to the lock which will provide the Trust Lands Administration and its officers or agents access to the lands.

2. Paragraph 8, Conduct requires Permittee to conduct all operations in a workmanlike manner, avoid unnecessary damage and injury to the surface and not commit damage or waste of other natural resources in the lands. The area of operations is unnecessarily littered by trash and debris, including plastic containers, plastic sheeting, wire mesh, metal cans, junk iron, cinder block and smashed pallets. Also, several paths have been beaten into the landscape by excessive off-road vehicular travel. I am enclosing pictures of some of the debris littering the site and the damage to vegetation by off-road travel.

Remedy requires that US&D immediately remove all trash, debris and unserviceable equipment from the permitted lands. Also, US&D must rehabilitate and re-seed paths created by off-road travel. Re-seeding of impacted areas should be performed in the late Fall, each year.

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5-013-005

3. Paragraph 9, Plan of Operations requires Permittee to submit a plan of operations for approval by the Trust Lands Administration. The plan of operations submitted to the Trust Lands Administration by the Permittee stipulates that no excavations will occur in the permitted lands. Inspection, however, reveals several cuts where materials were apparently removed from hillsides for use in road maintenance. Also, some of the areas from which stone product was removed were apparently dug using a backhoe. (Pictures enclosed.)

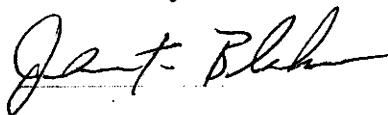
Remedy requires that all cuts where materials were removed for road maintenance be immediately filled in and re-contoured. Also, areas of stone removal where a backhoe or other heavy equipment severely impacted the surface must be immediately re-leveled and contoured.

Failure of the Permittee to remedy all of the violations listed above within the next thirty days may result in termination of ML 48322-OBA by the Director.

Paragraph 10, Bond of ML 48322-OBA provides that upon request the Permittee will furnish an acceptable bond. Permittee is hereby requested to furnish a surety bond to the Trust Lands Administration in the amount of \$5,000.00 within the next thirty days using the enclosed Bond of Lessee form. If a surety bond cannot be obtained then Permittee may post a \$5,000.00 cash bond or a short-term time CD payable for benefit of the Trust Lands Administration.


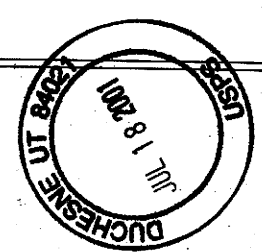
Please contact me if you have any questions in this matter.

Sincerely,



John T. Blake
Mineral Resources Specialist

CC: Doug Jensen

2. Article Number		COMPLETE THIS SECTION ON DELIVERY	
 7106 4575 1292 2027 7616		A. Received by (Please Print Clearly)	B. Date of Delivery
		C. Signature	
		x <i>Mary G. Farley</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee	
		D. Is delivery address different from Item 1? If YES, enter delivery address below:	
3. Service Type CERTIFIED MAIL			
4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes			
5. Article Addressed to:			
United Stone & Design P.O. Box 909 Duchesne, UT 84021			
S Form 3811, June 2000		Domestic Return Receipt	